



Copy and Digitization Business Line
FISCAL YEAR 2008 – 2012 PLAN

This Business Plan describes the history, organization, planning, objectives, and operations of the Photocopy Business Line in the Department of Energy's (DOE) Working Capital Fund (WCF), and is organized according to Balanced Scorecard (BSC) planning concepts. This plan uses the trends and lessons learned from the WCF's first ten years of operation to meet DOE and Office of Management, (MA) strategic goals, and describe performance measures that will result in a more efficient and more customer-oriented business line.

The Photocopy Business Line provides duplicating services, dedicated copiers, and document imaging services to DOE Headquarters.

The Photocopy Business Line has enjoyed great success in customer service, fiscal savings, and employee satisfaction since joining the WCF in 1997. In the upcoming fiscal year (FY), we plan to improve customer service and increase fiscal savings through the introduction of new technology. In addition, we will initiate internal process improvements and employee training that will allow us to maximize the benefits of the planned technical improvements.

Mission: To provide convenient and cost-effective duplicating services and dedicated copiers, and high quality, cost-effective document imaging and Optical Character Recognition (OCR) services to DOE Headquarters' organizations at the Germantown, Forrestal, and L'Enfant Plaza facilities.

Balanced Score Card Objectives:

- **Customers:** Provide customers with convenient copy facilities and document imaging services and maintain low total cost to the customer;
- **Financial:** Improve efficiency and ensure full cost recovery; offer services at competitive or better pricing;
- **Internal Processes:** Streamline internal processes and apply technology;
- **Learning and Growth:** Enhance the effectiveness, knowledge, and satisfaction of Photocopy Business Line employees.

Accomplishments:

- The DOE HQ Copy Center reproduced a portion of the DOE Budget that was sent to Capitol Hill. The copy center received tremendous accolades from Roy Craig from the budget office.
- The DOE HQ Copy Center completed the Science Bowl reproduction project that included questionnaires, flyers, brochures and other hand out materials.
- The DOE HQ Copy Center received numerous thanks for the timely production response for special job requests such as the Veterans Day Program flyers, tent cards and other items.
- Copy management initiated a copy replacement plan utilizing Ricoh copiers under a lease agreement to include maintenance and supplies. End of FY 08 Qtr 2 saw the installation of over 90 copiers.
- Copy management has initiated the removal of the Equitrac systems on all walk up copiers. The new machines and process will be up and running at the beginning of FY 08 Qtr 3.
- **Paper Reduction:** The Document Imaging Group converted approximately 500,000 pages of information into electronic files in FY 2006, the equivalent of 50 filing cabinets, and has converted a total of over 1.8 million pages in just under four years of operation, representing over 180 cabinets of documents. This saves DOE valuable office space, allows for fast and efficient, on-demand querying and retrieval of information, and complies with several initiatives including the Secretary's and the CIO's e-Gov Strategic Action Plan, and the OMB's Government Paperwork Elimination Act (GPEA).

Operations: The purpose of the Photocopy Business Line is to provide convenient and cost-effective duplicating services and dedicated copiers to DOE Headquarters organizations at the Germantown, Forrestal, and L'Enfant Plaza facilities, and high quality, cost-effective document imaging and OCR services and products to Headquarters. The business line operates staffed copy centers and provides service and equipment for central (shared) and dedicated copiers. A discussion of **pricing policies** is provided in the *Working Capital Fund Guide to Services and Procedures (the Blue Book)*, available online at www.wcf.doe.gov/.

Planning Process: Our objectives for improving business line performance are in line with those of MA and the WCF and support the Department's strategic objectives in Corporate Management. MA objectives are to provide DOE with the best value and with quality products and services and to provide accurate full-cost budgets. The business line reports its progress towards these Balanced Scorecard objectives to the WCF Board on a quarterly and annual basis. These objectives and the performance goals and strategies are updated annually.

External Regulation and Partnerships: Although Federal law codified in 41CFR limits competition by guiding federal employees to utilize our copying services, we nonetheless strive for excellent customer service. In fact, it is our most important objective and best defines our effectiveness as a business.

We maintain relationships with our colleagues in other government agencies and private sector businesses. We look to them for information on emerging trends in customer service and technology and for best practices that we can adapt to our situation. Our equipment and supply vendors support us by providing quality products and prompt delivery, installation, and maintenance. They also help to keep us informed of new technologies and practices that may benefit our customers.

Resources and Capabilities of the Organization: Federal and contractor staffs have extensive experience in providing duplicating and document imaging services. Our Copy Management Specialist helps customers select appropriate, cost-effective equipment by performing a needs assessment that identifies the capacity and features for each copier and, when appropriate, assists customers by negotiating trade-in allowances, arranging delivery and installation (and removal of old equipment), and setting up maintenance contracts. During the life of the equipment, we coordinate with the maintenance vendor to ensure service is satisfactory. We also provide bulk paper delivery. Our document imaging operators advise and guide customers through the process of organizing documents for fast and efficient retrieval once they are converted to electronic files, and ensure that the scanned documents and resulting files meet all guidelines necessary to facilitate the potential destruction of the documents.

Photocopy Business Line management aggressively reviews business goals and results through communication with customers, vendors, and contractors. An active employee training policy is pursued, in addition to constant self-assessment and benchmarking in order to keep the organization current on industry changes.

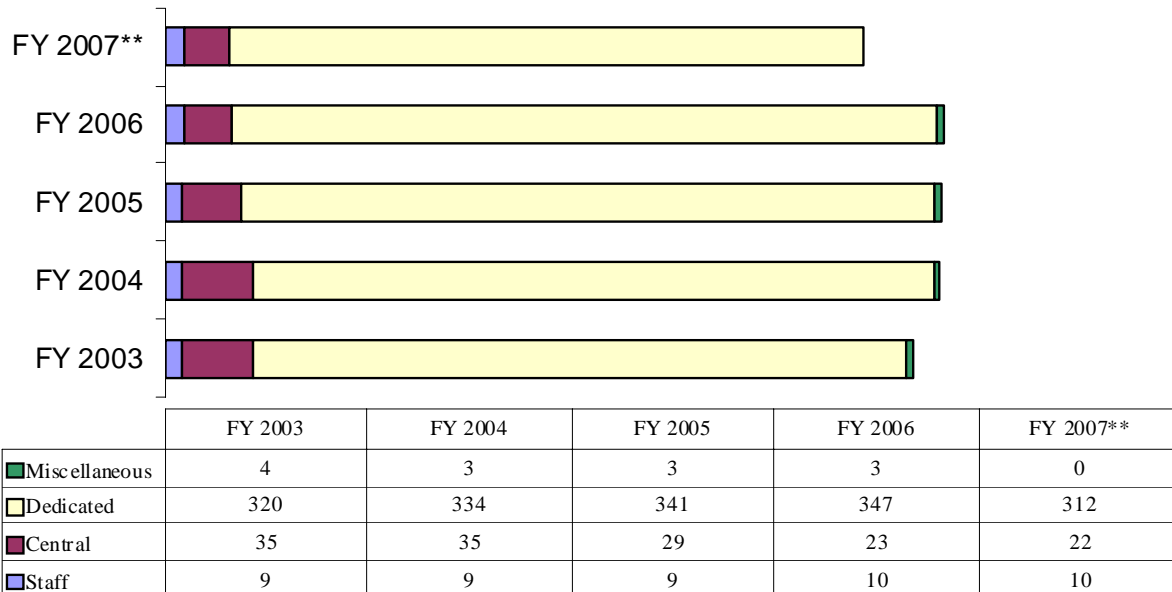
Needs and Capabilities of Customers: We work with our customers on two levels - - as program organizations and as individuals. At the program organization level, we work with them to identify the volume of copying and special services needed and to provide appropriate equipment. Billing is also conducted at the organizational level. At the individual level, we work with customers to provide the necessary services for each job in a convenient, timely, and efficient way.

Digital network technology has become available that can make customer printing and copying much

easier by allowing customers to submit copy jobs from their desktops. We have introduced a job tracking system that gives customers information about the status of jobs submitted to the staffed copy centers. Digital network copiers can also function as scanners and fax machines. One long-term business line goal is to continue to introduce digital network copiers and DigiPath Web submission to customers as rapidly as possible by replacing dedicated copiers with digital network equipment. This is also true of the change to paperless news clipping. The broad impacts of this initiative on the Balanced Scorecard perspectives are discussed later.

Central Walk-up Copiers: Use of central copiers has declined significantly over the past few years, a result, in part, from the increased use of dedicated copiers. Maintaining and supplying these copiers is becoming a problem and customer usage is minimal. The business is analyzing the option of eliminating some of the 22 central copiers and believes that the inventory can be reduced by twenty percent.

Copier Machine Trends



(Number of Machines)

**FY 07 dedicated copier inventory has been adjusted, following a systems analysis and physical inventory verification.

Balanced Scorecard Elements

Customer Objective: Provide customers with convenient copy facilities and document imaging services and maintain low total cost to customer.

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Most important need for individual customers is convenience - - they want to be able to make copies quickly and with the least difficulty possible. Dedicated copiers are located within the office suites of program organizations and provide the highest level of convenience - - immediate self-service for small copying jobs. These are generally lower speed copiers with the features required by the customer organizations and may provide collating, stapling, image reduction, enlargement, etc. For larger jobs when immediate service is needed, central copiers are conveniently located throughout the Forrestal, Germantown, and L'Enfant Plaza facilities. These copiers are generally faster than dedicated machines and have image reduction, stapling, and, in some cases, enlargement capabilities. For even larger jobs, or jobs that require special services such as binding, staffed copy centers offer 24-hour turnaround. The Forrestal and Germantown Buildings each maintain one staffed copy center offering document scanning and storage on digital media. The L'Enfant Plaza site offers assisted copying services daily from 1:00 to 3:00 p.m. By providing individual customers with a range of services, we make copying convenient.

Baseline:

Since the Fund was created, the number of total photocopies produced in Headquarters declined from over 100 million copies per year in FY 1996 to 26 million in FY 2007. Due to the replacement of copiers in the Staff Copy Center and dedicated environment the photocopies has decreased by 1.3 million copies in FY 2006. The paperless news clips help reduction of number of skids of paper. The digital scanning and OCR business segment has enhanced the ability of this business to help our customers manage their document needs.

Photocopying technology continues to improve. Though usage is increasing, we expect the requirement for photo copies to continue. In order to satisfy customer needs we represent DOE at monthly vendor functions to keep cognizant of all new state-of-the-art equipment and interface with our peers at other government agencies to keep current on any laws and regulations that may affect our current business operations. We are also planning to provide automated access control and meter reporting for individual copiers

Copying Workload Trends

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Color	1,266,765	1,091,678	956,158	1,327,370	1,753,612
Staffed	9,270,704	10,664,649	7,327,356	8,269,671	6,228,690
Central	5,613,421	4,860,786	3,068,678	2,115,040	2,011,944
Dedicated	27,542,263	27,542,263	14,542,925	12,717,354	15,685,791
Totals	43,693,153	34,876,286	25,895,117	24,429,435	25,680,036

Our organizational customers want copier services that help them accomplish their mission at a

reasonable cost. Organization managers are making the trade-off between convenience and cost. By providing the most cost-effective equipment and reducing the staff time required to make copies, we try to improve the customer organization's efficiency.

Document imaging services have been set up for both convenience and low customer cost. While there is only one location that provides imaging, the staff will work with customers in receiving and delivering jobs, and can accommodate both long-term large jobs as well as short-term processing. By utilizing top-end hardware and software, and setting up templates and automation within the process, the system has been designed to simplify the processing by both the customer and the staff and to keep customers' costs at competitive or better pricing.

Performance Goal	Performance Standard
Improve copier convenience and efficiency.	Replace 20% of dedicated analog copiers with digital network copiers in FY 08.
Keep pricing structure of imaging services at or below standard industry pricing	Benchmark products/services offered by other service bureaus to maintain competitive pricing.

Baseline: Digital Imaging cost per page compared to standard industry pricing.

Organization	Cost/Page	Project/Technical Support	Maintaining Archival data	Providing CD's, DVD's with Files
DOE	\$0.28 No minimum	Included	Included	Included
Records and Receivables Management Corp. GSA Schedule 36	\$0.30 10,000 page min.	\$78/hour	Not included	Not specified
KBM Group GSA Schedule 36	\$0.48 10,000 page min.	\$95 / hour	Separate Contract	Not Specified
TechLaw	\$0.22 +\$640 setup fee per job + transportation costs	\$82 / hour	Separate Contract	\$23 / Disk
Mountain Imaging	\$0.30 + transportation costs	Separate Contract	Separate Contract	\$50 / Disk
ILM Corp.	\$0.48	Separate contract	Separate contract	\$14.70 / CD
ILM Corp (Over 50,000 pages)	\$0.17	Separate contract	Separate contract	Not specified
QAI, Inc.	\$0.24	\$93.12 / hour	Not specified	\$12 / CD & \$30 / DVD

Based on a comparison of services provided, DOE Document Imaging offers the best value to DOE customers for almost all scenarios. DOE is the only organization among those benchmarked that offers technical support, data backup, archiving, and files on CD and DVD as part of the basic service. Document Imaging utilizes a six-engine OCR system, while outside companies use OCR systems with

only one engine for the base cost. Additional charges would be added by outside companies for six-engine processing. The six-engine OCR system Document Imaging utilizes increases OCR accuracy by 86% over one-engine or two-engine systems.

Note that these price quotes/estimates are based on basic job specifications. The companies listed were the only ones willing to provide specific per page cost estimates, which is the Document Imaging pricing structure. These companies and other companies prefer to spec out an actual job before providing a quote of any kind. Based on what customers need it is possible to find a less expensive service provider, though most pricing that is less expensive than Document Imaging utilizes lesser quality scanners, operators, and OCR systems, not to mention that they require the documents to leave the DOE complex.

Financial Objective: Improve efficiency and ensure full cost recovery.

The Working Capital Fund has been successful in its goal of improving customer efficiencies that result from the consumption decisions of program offices. In order to continue providing our customers with cost savings we will review our costs, especially fixed business costs. Fixed costs include depreciation and support contractor costs. The cost of paper and other supplies has an indirect component. Transferring these items out of the Supply Business Line lowered costs in FY2003.

The document imaging portion has predominantly fixed pricing for what is expended for hardware maintenance, software and supplies. Full recovery of start-up digitization costs was realized in the first quarter of FY 2005.

Performance Goal

Reduce fixed costs.

Maintain efficiency in imaging processing to maintain low costs.

Performance Standard

Reduce the number of underutilized walk up copier rooms. Replace old copiers with more efficient Ricoh models as well as replacing the Equitrac System.

Full cost recovery of imaging in FY 08.

Baseline:

- Cost savings data is stored in DISCAS as actual expenses and depreciation expenses compared to historical costs.
- Data is reviewed quarterly in association with the Quarterly Financial Review.

Strategies for Improving Financial		Fiscal Year				
Efficiency/Accountability		2008	2009	2010	2011	2012
Review Pricing Policy		X	X	X	X	X

Internal Processes Objective: Streamline internal processes and apply

To ensure that the Photocopy Business Line provides outstanding service to its customers at competitive prices and utilizes staff talent for effective product and service delivery, numerous process controls have been established, with a strong emphasis on management involvement and key management processes. We use interagency meetings and private industry benchmarking to stay current with advancements in the industry. Our culture of continuous improvement will help to translate technical advancements into efficiency and cost improvements that will ultimately be passed on to our customers.

When a significant or recurring problem is identified, we may opt to conduct a self-assessment. During the self-assessment, we create metrics to measure our performance in a particular area (e.g., percentage of jobs completed on time). When the root cause of a problem has been identified, we work quickly to determine the most efficient way to remedy it. During the six to twelve months after identifying a problem, we sporadically collect and analyze data to ensure it has not returned. Examples of recent efforts include Just-In-Time paper delivery and web-based copier metering.

Imaging is already utilizing top-line technology and will continue to keep abreast of hardware and software issues that can be integrated or implemented into the existing system to maintain a technology edge. The internal processes for performing imaging services are constantly being reviewed to maintain efficiency, accuracy and standards. Research and benchmarking has already been done with regard to other federal agencies and we will continue to do so. At this time, we are unaware of any other federal agency that performs imaging and OCR products and services in the same service bureau setup as DOE; we are the only agency that provides this service for an entire agency with full cost recovery made on an as-used basis and at competitive-or-better pricing when compared with private industry.

Performance Goal

Reduce waste and rework

Performance Standard

Develop tracking and reporting mechanisms to measure waste and rework by FY 08.

Baseline:

The process review will result in a baseline for future statistical process control.

Strategies for Improving Internal Processes

	Fiscal Year				
	2008	2009	2010	2011	2012
Benchmark processes against similar private and Federal businesses	x	x	x	x	x
Implement web-based systems to submit and track copy jobs and automate other processes.	x	x	x	x	x

Learning and Growth Objective: Enhance the effectiveness, knowledge, and satisfaction of Photocopy Business Line employees.
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The Photocopy Business Line is continuously developing its staff's ability to identify and solve problems affecting the business line to create the most dynamic, efficient business possible. The greatest opportunity for learning and growth is achieved through weekly meetings between the Business Line Manager and Federal and contracted staff. These staff meetings are brainstorming sessions on eliminating operational barriers to the business line. In addition to weekly meetings, informal meetings analyzing the business line occur daily and Federal staff prepare weekly reports highlighting important issues and problems that may affect the business line.

The imaging business is a leading-edge technology and service, and therefore makes it easier to maintain learning and growth. Open discussion and research into new and enhanced methods, hardware and software, as well as education and outreach with businesses involved in this work are encouraged and actively pursued. Communication is kept open with vendors, manufacturers, and other service bureaus and government agencies as to new ideas and methods. Management and staff are encouraged to keep abreast of new ideas, technologies and processes.

Performance Goal

Fully train and develop federal and contract staff. 100% of federal staff have IDP's.

Performance Standard

Federal staff attends at least 8 product demonstration/technology seminars a year.
Contractor staff attends seminars per quarter.

Baseline:

Because there only two federal employees, charts and baselines are not significant.

Strategies for Improving Employee Learning and Growth

Fiscal Year

	2008	2009	2010	2011	2012
Develop specialized training schedules for each employee.	x	x	x	x	x

Economic Analysis of the Copy business:

Inputs to the Copy business are federal and contractual personnel, and supplies related to copy machines, and equipment purchases for dedicated copiers and for digitization. For the purposes of billing programs for the services provided, this business is segmented into pricing segments. These pricing segments differ in processes, suppliers and customers. Federal employees and related expenses are assigned to each segment based on approximations of staffing effort. The source data for this analysis are DOE actual accounting reports and other published sources¹.

Pricing Segment	Overhead			Direct Material and Supplies			Percent of Costs				
	Federal FTE	Related Exp	Other Mgt	Labor	Supplies	Subtotal	Federal FTE	Related Exp	Other Mgt	Labor	Material and Supplies
Copy											
Dedicated	25	-		100	1,093	1,218	2.1%	0.0%	0.0%	8.2%	89.7%
Central	25	120		300	403	848	2.9%	14.2%	0.0%	35.4%	47.5%
Supplies	25	30			150	205	12.2%	14.6%	0.0%	0.0%	73.2%
Digitization	120	75		34	21	250	48.0%	30.0%	0.0%	13.6%	8.4%
Subtotal Copy	195	226		433	1,667	2,521	7.7%	9.0%	0.0%	17.2%	66.1%

Pricing Segment	Unit Cost (whole dollars)							Incremental Costs			Pricing Policy
	Units	Federal FTE	Related Exp	Other Mgt	Labor	Material and Supplies	Subtotal		Fixed	Variable	
Copy											
Dedicated	16,192	0.002	-	-	0.01	0.07	0.08	0.07	25	1,193	usage
Central	14,141	0.002	0.008	-	0.02	0.03	0.06	0.05	145	703	usage
Supplies	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	55	150	usage
Digitization	482	0.249	0.156	-	0.07	0.04	0.52	0.11	195	65	usage
Subtotal Copy	30,333	0.006	0.007	-	0.01	0.05	0.08	0.07	420	2100	usage

The *Percentage of Costs* analysis reveals that related expenses (rent and other infrastructure) are relatively high compared to direct costs with the exception of dedicated copiers. The business utilizes space to house the walk-up copiers and the central copiers and has a fairly large foot print, which causes indirect related expenses to be 14% - 30%, which is higher than the average Fund business (5.2%). The direct labor costs are related to distribution of paper to copy machines, meter readings, and operating central copiers. Direct non-labor costs are related to equipment purchases, maintenance and supplies. The incremental costs for making copies and digitizing documents can be compared to external vendors and in-sourced services. These costs change significantly when equipment, a non-capital expense item, is added during a fiscal year. The rate for central copiers is a blended rate with high valued color copies, \$0.50/copy included with b/w copies. The business regularly benchmarks other agencies and commercial vendors and routinely charges less than the competition.

Whereas the indirect support is fixed in the short run, direct costs are largely variable depending on the decision to purchase a dedicated copier and the demand for copies.

Cost Savings: This business is under constant competition from electronic media and copy

¹ The source accounting data is from FY 2006 final STARS data, indirect costs are from the *FY 2006 Indirect Cost Analysis* prepared for the DOE IG, units of production commonly derived from the performance reports included in the *Fiscal Year 2006 Annual Report* of the WCF.

demand has declined significantly since 1990. The business has responded by reducing the number of walk-up copiers and modernizing equipment to reduce costs. This trend has been helped by an industry that recognizes the threat of other media and has taken advantage of digital technology. This business has made strides in reducing fixed costs and adjusting to customer demand. On the other hand, dedicated copiers have increased over the past eight years consistent with the concept of convenience copiers and program's desire to minimize staff time devoted to making copies.

Baseline Data: Because this is the first year of this analysis, there is little data on which to baseline. However, we plan on updating this analysis with FY 2007 data which will form the basis for comparing these results for trends in fiscal years. The business will report on the news clips business segment next year and in FY 2009 federal employees will be replaced by contract employees.